

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

PMA0064 – ESSENTIALS OF MANAGEMENT

ACCOUNTING

(Foundation in Management)

5 MARCH 2020
2.30PM – 4.30PM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **THREE** pages (excluding cover page) with **FOUR** questions.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Roomi Bhd. uses activity-based costing to assist management in setting prices for the company's product. The following information is available:

Activity Cost Pool	Estimated Overhead (RM)	Expected Use of Cost Driver per Activity
Cutting	850,000	10,000 labour hours
Dismantling	6,200,000	220,000 machine hours
Inspection	2,000,000	150,000 labour hours
Packing	800,000	250,000 finished goods units

Actual information as follows:

Activity Cost Pool	Cost Driver Usage
Cutting	33,000 labour hours
Dismantling	350,000 machine hours
Inspection	145,000 labour hours
Packing	130,000 finished goods units

Required:

- Compute the activity-based overhead rates for each activity. (6 marks)
- Compute the overhead cost assigned to each activity. (12 marks)
- Discuss the differences between traditional and activity-based costing. (7 marks)

(Total 25 marks)

QUESTION 2

Pinky Bhd. manufactures and sells a single product, product RZ. The information about product RZ is as follow:

	RM
Selling price	30
Variable manufacturing cost	10
Variable selling and administration cost	6

Details for the month of June 2019 are as follows.

	March
Production of RZ	950 units
Sales of RZ	800 units
Fixed manufacturing overhead	RM4,550
Fixed non-manufacturing cost	RM3,500

The normal production of product RZ is 1,000 units. There was no beginning inventory.

Required:

- Compute the product cost per unit by using variable and absorption costing method. (4 marks)

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- b) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 using absorption costing. (11 marks)
- c) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 using variable costing. (10 marks)

(Total 25 marks)

QUESTION 3

The Assembly Department uses a process cost accounting system. The department adds materials at the beginning of the process and incurs conversion costs uniformly throughout the process. During July, RM190,000 of materials costs and RM133,000 in conversion costs were charged to the department. The beginning work in process inventory was RM108,000 on 1st July, comprised of RM80,000 of materials costs and RM28,000 of conversion costs.

Other data for the month of July are as follows:

Beginning work in process inventory, 1 July	25,000 units (40% complete)
Units completed and transferred out	90,000 units
Ending work in process inventory, 31 July	10,000 units (20% complete)

Required:

- a) How many physical units have to be accounted for in July? (6 marks)
- b) What are the equivalent units of production for materials and for conversion costs for the month of July? (8 marks)
- c) What are the unit costs for materials, conversion and the total unit cost? (7 marks)
- d) What is the total cost assigned? (4 marks)

(Total 25 marks)

QUESTION 4

You are the cost accountant of Xiaomi Bhd. and have been given the following budgeted information regarding the four cost centres within your organization.

	Dept. 1 (RM)	Dept. 2 (RM)	Maintenance (RM)	Canteen (RM)	Total (RM)
Indirect labour	60,000	70,000	25,000	15,000	170,000
Indirect materials	12,000	16,000	3,000	10,000	41,000
Heating and lighting					12,000
Rent and rates					18,000
Depreciation of machinery					30,000
Supervision					24,000
Power					20,000
Total					315,000

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You are also given the following information.

	Dept. 1	Dept. 2	Maintenance	Canteen	Total
Floor space (m ²)	10,000	12,000	5,000	3,000	30,000
Book value of machinery	150,000	120,000	20,000	10,000	300,000
Number of employees	40	30	10	-	80
Kilowatt hours	4,500	4,000	1,000	500	10,000

Additional information:

- The canteen staff are outside contractors.
- Dept. 1 and Dept. 2 are production cost centres and the maintenance department and canteen are service cost centres.
- Canteen department must be allocated first to other departments followed by maintenance department.
- Canteen department provides services to Dept. 1, Dept. 2 and maintenance department based on 50%: 37.5%: 12.5% basis. Maintenance department provides 4,000 service hours to Dept. 1 and 3,000 service hours to Dept. 2.
- 6,320 machine hours and 7,850 labour hours are budgeted for Dept. 1 and Dept. 2 respectively. The machine hours and labour hours are used to calculate overhead absorption rate for Dept. 1 and Dept. 2.

Required:

- Prepare an overhead analysis sheet, showing the allocation of overhead costs to the four cost centres, clearly showing the basis of allocation. (10 marks)
- Allocate service cost centres overhead costs to production department. (7 marks)
- Calculate the overhead absorption rates for Dept. 1 on the basis of machine hours and Dept. 2 on the basis of labour hours. (3 marks)
- Actual overheads for Dept. 1 was RM155,000 and 6,000 machine hours were worked, while actual overhead for Dept. 2 was RM156,000 and 7,900 labour hours were worked. Calculate the over/under absorption of overheads for each department. (5 marks)

(Total 25 marks)

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